



**USAID**  
FROM THE AMERICAN PEOPLE

**SRI LANKA**

# COUNTRY PROFILE

FEBRUARY 2005



*Multi-ethnic youth, many of whom lost their homes during Sri Lanka's two decades of conflict, work together on a community improvement project that was identified through a participatory process as a local priority. Incorporating peace-building within traditional development activities is a cross-cutting theme in USAID's work in Sri Lanka.*

## SRI LANKA SNAPSHOT

Date of independence: 1948  
Capital: Colombo  
Population: 20 million  
GDP per person: \$899

**For more information,  
see [www.usaid.gov](http://www.usaid.gov)  
Keyword: Sri Lanka**

## OVERVIEW

Despite the fragility of the peace process, the situation in Sri Lanka today is more hopeful than it has been in many years. While the 20-year armed



conflict in Sri Lanka created a host of development problems, the continued support for the peace process is encouraging. The U.S. Government remains committed to supporting the cease-fire and ongoing peace process and to laying the foundation for long-term development for the country. Potential spoilers of the peace, including mixed communities and youth, are among the beneficiaries of U.S. assistance. USAID's work focuses on four areas:

economic growth, inclusive governance, humanitarian assistance to disadvantaged populations, and supporting the peace process.

## PROGRAMS

### SRI LANKA BUILDS ITS TRADE OPPORTUNITIES AND WORKFORCE

Energized by the peace, Sri Lanka's economy grew by 4 percent in 2002 and 5.2 percent in 2003. However, infrastructure needs to be rebuilt, services expanded and made more competitive, and jobs created. The government's resources are still limited by the costs of maintaining its security forces and servicing its debt. Interest payments account for more than 30 percent of the government's expenditures. However, Sri Lanka has generous human and natural resources and is well-placed as a regional hub for trade and investment. To take advantage of these opportunities, USAID focuses its efforts on helping the government carry out sound economic policies, improving Sri Lanka's ability to compete in world markets, building the skills of the workforce and creating partnerships to protect Sri Lanka's rich natural environment.

### STRONG DEMOCRATIC INSTITUTIONS HELP STRENGTHEN PEACE

The ceasefire agreement between the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam has allowed USAID to focus on a longer-term program to strengthen democratic institutions and build the foundations for a lasting peace. USAID will continue to support the government and community organizations as they build networks and coalitions for peace, including media training and special programs for youth in areas vulnerable to extremist groups. As part of its long-term approach, USAID helps provincial and local governments budget effectively, deliver public

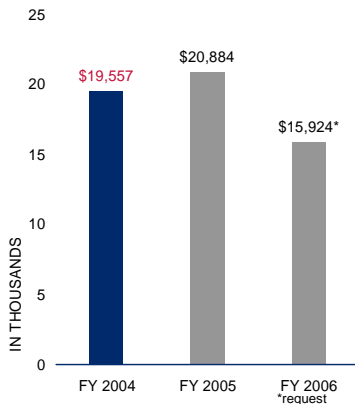


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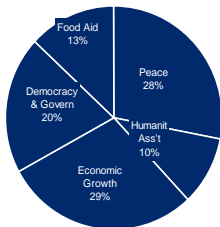
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## COUNTRY PROFILE CONTINUED

### USAID ASSISTANCE TO SRI LANKA



**FY 2004 Budget**  
Percentage for Each Program Area



Funding: Child Survival and Health Funds,  
Development Assistance, Economic Support Funds,  
PL 480 Title II

services and become more open and accountable to the people of Sri Lanka. USAID also develops and trains mediation boards to address the many disputes from the conflict and those arising as people return to or settle in new communities.

### THOSE AFFECTED BY THE CONFLICT RECEIVE ASSISTANCE

Two decades of conflict have left lasting physical and emotional scars on the most vulnerable populations in Sri Lanka -- children, the disabled and those who have been victims of torture. Many have lost their homes and now suffer from psychological traumas as the transition to peace continues. USAID works with partner organizations for the protection and reintegration of children affected by war and to provide counseling services to the tortured. USAID also provides physiotherapy, training and materials like artificial limbs and wheelchairs to those who desperately need them.

### PEACE TAKES HOLD IN SRI LANKA

There are more than 500,000 internally displaced people in Sri Lanka and approximately 85,000 refugees from India. In addition, Sri Lanka has a large youth population, many of whom are unemployed or underemployed. Recognizing the link between unemployment among youth and outbreaks of social unrest in Sri Lanka, USAID supports short-term projects that give training and other opportunities to those groups. In addition, USAID assists community groups and media who help build support for the peace process among the public. The speed of USAID's disbursement of small grants, totaling more than \$1.63 million in 2003 alone, has enabled USAID to play a prominent role in these communities.

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